

# ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Cedillo Analyst: Roger Lackey Bill Number: AB 1463

Related Bills: None Telephone: 845-3627 Amended Date: 04-15-99

Attorney: Pat Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Driver's Licenses & Identification Cards/Deletes Requirement For Applicant To Include Social Security Account Number

## SUMMARY

This bill would amend the Vehicle Code to delete the requirement of social security account numbers (SSNs) on Department of Motor Vehicles (DMV) forms used by applicants to obtain an original or renewal of their driver's license or identification card.

This bill would make other changes to the Vehicle Code. This analysis will address the bill only as it impacts the department.

## SUMMARY OF AMENDMENTS

The April 15, 1999, amendment added language that would require a commercial driver's license applicant to include his or her SSN when required in accordance to federal law.

The April 5, 1999, amendments added the provisions that would eliminate the requirement of SSNs on DMV forms and deleted earlier provisions regarding vehicle fees for vehicles owned by private fire departments organized as nonprofit corporations.

The department did not analyze this bill as introduced February 26, 1999, or earlier amended versions.

## EFFECTIVE DATE

This bill would be effective January 1, 2000.

## PROGRAM HISTORY/BACKGROUND

Currently, tax and non-tax debt programs administered by the Franchise Tax Board (FTB), such as the tax Collection program, the tax Filing Enforcement program (FE), the Fraud Prevention and Detection program, the Child Support collection program, and the Court-Ordered Debt Collection program rely on the SSN provided by the DMV to verify addresses of taxpayers and debtors to ensure that the correct individual has been identified.

The FE program annually receives approximately 80,000 pieces of returned mail following the mailing of notice of tax due and demand letters. To locate these bad address accounts, the department uses various resources to identify a more current address for the taxpayer.

## Board Position:

_____ S	_____ NA	_____ NP
_____ SA	_____ O	_____ NAR
_____ N	_____ OUA	_____ X PENDING

## Department Director

## Date

**Gerald Goldberg**

**5/12/1999**

The DMV is the primary source used by the department to locate better address information. The department searches the DMV files by name and address information (or driver's license information, if available on the department's files) to find the individual on the DMV system. However, the DMV file is unable to search for information by SSN, so the SSN field is used to verify whether the correct individual has been located. The FE program also uses the DMV file to update the FE program's system with drivers license information.

The department's Collection program uses the DMV files as a resource tool in the process of skip tracing to identify taxpayers or search for assets such as vehicles owned by the taxpayer. Skip tracing is a process used daily by collectors and is a required procedure when preparing a new case for collection activity.

The Fraud Prevention and Detection program also uses the DMV files in the same manner as the FE program and the Collection program, but for the address and SSN information is used to help prevent and detect W-2 and preparer fraud.

The non-tax debt programs, specifically Child Support and Court-Ordered Debt, receive cases from counties for collection. Not all accounts received contain an SSN. However, most of the accounts received include a driver's license number. Once the case information is brought into the non-tax debt system, the account is matched against the department's taxpayer information system to verify the SSN by matching name and address information.

Following this process, the account information is further verified through the use of a program that compares the accounts to DMV data for an SSN. The driver's license number is the criterion used to find an SSN. Approximately 18,000-20,000 cases per month are sent through the program to compare DMV data.

#### SPECIFIC FINDINGS

**Existing state law** requires that every form used by the DMV for the issuance or renewal of a driver's license or identification card shall contain a section for the applicant's SSN or any other number or identifier determined to be appropriate by DMV.

**This bill** would delete the requirement of social security account numbers (SSN) on DMV forms used by applicants to obtain an original or renewal of their driver's license or identification card.

#### Implementation Considerations

For the FE program, Collections, and the Fraud Prevention and Detection Unit, this bill would result in the loss of an important tool used to prevent mistaken identity when verifying taxpayer information, detecting fraud, and searching for assets from which to collect tax debts. If the department's programs were to lose the DMV files as a resource and were unable to find another equivalent resource, the effectiveness of these programs could decrease.

Approximately 90% of the child support cases received by the department from the counties contain an SSN.

However, the county has obtained these SSNs in most cases by using the California Parent Locator Service (CPLS), which relies heavily on DMV data to provide an SSN. If drivers are no longer required to provide an SSN to obtain or renew a driver's license or an identification card, the department could see an increase in the number of child support cases that are referred without an SSN. As a result, the time necessary to verify and match the correct individuals and the possibility of a mistaken identity could increase.

#### FISCAL IMPACT

##### Departmental Costs

This bill would impact the department's program and operations to the extent that the time necessary to locate, verify and match the correct individual may increase. However, because of the varying use of the DMV information throughout the department, the impact to departmental costs cannot accurately be determined.

##### Tax Revenue Estimate

The data and information necessary to determine the collection impact of this proposal related to SSN identification are not available. Any decrease in collections will depend on the extent to which non-tax debts would have otherwise been collected through FTB. To the extent the department is unable to obtain assets earlier or unable to locate available assets as a result of this proposal, there could be a reduction in collections.

#### BOARD POSITION

Pending.